JOSEPH STORY: A LESSON ON CORPORATE GOVERNANCE

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Abstract

Corporate governance has been a public interest in the past decades as an effect of corporate scandals and abuses of managerial power. In the new era of governance, where governance defines as the system by which organizations are directed and controlled, and calls on boards of directors to take responsibility for the governance of their firms, the agency problem is that agents often have ideas to use capital that lies outside the intent purpose of the principals. Governance presents to address this agency problem. Governor act as an intermediary, as the principals representative, ensuring capital is directed to the right purpose. The governors also act as the voice of the agents to the principals, articulating their ideas for uses of capital and making an accounting of the use of capital back to the principals. The scripture showcase the story of Joseph and see the governance issues and how he practiced corporate governance principals of transparency, fairness, accountability and responsibility in his life over four thousand years ago. Joseph story showcase his governance in the land of Egypt. The principal-agent relationship he has with the Pharaoh, prison warden, Potiphar and Jacob, his father. The character of Joseph exemplifies a model of good corporate governance. He provide example that good corporate governance can be exercised as an agent to his principal in the lowliest place on earth, and more so an example of good corporate governance to his principal in heaven, God Almighty.

Keywords: *Corporate governance, agency theory, stewardship theory, stakeholder theory, transparency, fairness, accountability, responsibility*

Introduction

A number of studies in academic journals have used literature in papers investigating corporate governance models (Douma, 1997; Jacoby, 2000; Kay and Silberston, 1995; Maignan and Ferrell, 2003), governance reforms (Westphal and Zajac, 1998) board behavior and effectiveness (Kose and Senbet, 1998; Pettigrew and McNulty, 1995) and executive compensation (Conyon and Schwalbach, 2000). In recent years, there has been a propagation of public interest into corporate governance as an effect of corporate scandals such as Enron or WorldCom and abuses of managerial power in the form of fat cat salaries and bonuses (Plender, 2003).

The story of Joseph (Genesis 37:2-36; 39:1-37-47) showcase the governance issues. From the scripture we accounts Joseph's life, and see that corporate governance was practiced over four thousand years ago. This story provides lessons on the significance of ethical use of power and the significance of integrity in his governance. The traits essentially possessed by Joseph in his early life and his leadership practiced through his governance in the land of Egypt.

Why Governance?

The new era in governance has been ushered in across the world, in all sectors and industries, in the past decade, as it spearheaded by: Britain's Cadbury Report, which defines governance as the system by which organizations are directed and controlled, and calls on boards of directors to take responsibility for the governance of their firms (Report on the Financial Aspects of Corporate Governance, 1992). In Canada's Dey Report, *Where Were The Directors*, it was noted calling on boards to explicitly assume responsibility for governance including leadership, stewardship, risk management and information (Corporate Governance Guidelines, 1994). Also, The U.S. Sarbanes-Oxley Act (2002), which requires boards and three core committees (Audit, Governance, Compensation) to take direct responsibility for critical elements of oversight and control. The corporate governance issues itself is surface due to the outline of separation of ownership and management of a company.

Nations around the world are instigating far-reaching program for corporate governance reform, as evidenced by the proliferation of corporate governance codes and policy documents, voluntary or mandatory, both at the national and supra-national level. The concern on the implementation of good corporate governance is rising due to scandals such as Enron, Worldcom, Tyco, London & Commonwealth, Poly Peck, Maxwell, etc (Danuri, 2004). The present focus on corporate governance will be maintained into the future and thus, over time, corporate governance issues will grow in importance, rather than fade into insignificance. The phenomenal growth of interest in corporate governance has been accompanied by a growing body of academic research. As the discipline matures, far greater definition and clarity are being achieved concerning the nature of corporate governance. This new era is actually a return to the way corporations (organizations) were originally governed, and, according to Agency theory, ought to be governed.

Agency Theory

Agency theory was articulated by Adam Smith (1776). Basically what he said is that the members of every social organization, from hunter gatherer tribes to corporations to nations, are rapidly specialize into different groups, depending on their competencies and expertise: (a) Principals or owners are people with a knack for accumulating capital (wealth, resources); and (b) Agents or management are people with a surplus of ideas to effectively use that capital and get things done, like for example, by creating more value. Economics is all about how we allocate these scarce resources (Mankiw, 2004), resources from the principals to their most effective uses by the agents. The agency problem is that agents often have ideas to use capital that lies outside the intent purpose of the principals. This can apply to a single (financial) or triple (economic, social, environmental) bottom line: principals have a purpose in mind for their resources, and agents aim to accomplish those.

Governance presents to address this agency problem. Governors act as an intermediary (boards in corporations), as the principals representative (steward, trustee, fiduciary) with the agents, ensuring capital is directed to the right purpose. The governors also act as the voice of the agents to the principals, articulating their ideas for uses of capital and making an accounting of the use of capital back to the principals. The governors therefore have these 4 core responsibilities, which comprise: (1) Leadership, set the strategic direction of the organization (purpose, mission) and put in place the leadership (CEO selection, board renewal) to accomplish that direction; (2) Stewardship, shepherd resources belonging to others (trustee), i.e. risk management, allocation of duties/roles/responsibilities, delineation of authority; (3) Monitoring: receive and review measures of performance, and hold management (CEO) accountable for success (achieving the purpose, creating value); and (4) Reporting, account to the principals (owners, investors, stakeholders) on the results of using their capital (resources).

The principals and agents have specific core responsibilities as well: good governance is not about an adversarial or confrontational relationship among the 3 players, but each identifying and fulfilling their own unique competencies. Principals have three core responsibilities in agency governance: (a) Select and put in place or elect or appoint the governors or board of directors/trustees; (b) Select and put in place or elect or appoint the auditors (external, independent body that tests and reports on the integrity of financial reporting and controls); and (c) Ensure there is an effective governance system in place. Brown (2004) describe the this in an illustration of organization being a ship: the principals are the ones who cause the ship to be built, who pay for it, and who have in mind an initial destination or mission. The governors are the rudder of the ship, setting its direction, and using controls. Diagnostic measures and course changes used to ensure that direction. And, the agents are responsible for every other duty on the ship: from the bridge to the boiler room, the lookouts, decks, and holds, the operations and activities throughout the organization.

In modern economies, the management and control of companies is increasingly separated from the ownership. It is in line with the Agency Theory that pointing out the importance on separating day to day corporate management from the owners to the managers. The purpose of the separation system is to create efficiency and effectiveness by hiring professional agents in managing the company. Here, agency theory having its roots in economic theory was exposited by

Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976). Agency theory here defined as *relationship between principals and agents. Here, the principal such as shareholders and agents such as the company executives and managers*. In this theory, shareholders who are the owners or principals of the company, hires the agents to perform work. Principals delegate the running of business to the directors or managers, who are the shareholder's agents. It is happened where the CEOs of public companies have responsibility to act as agents for the owners. While the owners seek to gain information through evaluation, they develop incentive systems to ensure agent actions in the owner's interests. Agency theorists attempt to design the most cost effective information systems (FCGI, 2006). However there is a problem in this separation of corporate management and ownership as well. Managers may seek to maximize their own self-interest at the expense of shareholders. Furthermore this separation may lead to a lack of transparency in the use of funds in the company and in the proper balancing of the interests of, for instance, shareholders and managers and of controlling and minority shareholders. Dellaportas et. al. (2005) sees that there are more issues that need to be tackles as in example, accountability to shareholders, regulators and the public and also such issues as transparency and fairness and reporting matters (p. 5).

Corporate Governance

Corporate governance, a term that scarcely existed before the 1990s, is now universally invoked wherever business and finance are discussed (Keasey, Thompson and Wright, 2006, p. 1). The subject has spawned consultancies, academic degrees, encyclopedias, innumerable articles, conferences and speeches. Almost all the OECD nations are currently revising their corporate governance practices or have recently done so. Moreover, Keasey, Thompson, and Wright (2006) argue that the subject good governance has also become a destination board for a bandwagon carrying those who would take the corporation in myriad directions (p. 1). A director according to Webster's dictionary is one of a group of persons entrusted with the overall direction of a corporate enterprise. A board of directors is a group of individuals who are elected by the ownership of a corporation to have oversight and guidance over management and who look out for shareholders' interests. The act of oversight and direction is referred to as governance. If the board is to operate effectively it must create a culture of openness and trust, combined with mutual respect. Such an environment creates a virtuous circle of behavior and expectations, which can all too easily degenerate into a vicious circle of behavior. Effective boards therefore need a proper balance of skills and experience. In the Enron Corporation bankruptcy and scandal, the firm's board of directors is being sued by shareholders for mismanaging interests (Plender, 2003). New accounting rules in the United States and Europe are being passed to enhance corporate-governance codes and to require much more extensive financial disclosure among publicly held firms. The roles and duties of a board of directors can be divided into four categories: control and oversight of management, adherence to legal prescriptions, consideration of stakeholders' interests, and advancement of stockholders' rights.

Wallace & Zinkin (2005) argue that good corporate governance is determined by number of factors, moreover said that effective codes of governance that lead to *transparent* reporting; effective board governance and process; effective independent directors; informed business decisions; a culture of risk management embedded in the organization as a whole; and shareholders actively interested in ensuring that good corporate governance is practiced. Thus, reporting procedures and disclosures by themselves are unfortunately no guarantee of good corporate governance, as Enron proved only too clearly (p. 34). The Forum for Corporate Governance in Indonesia (2006) points out that objective of corporate governance is to create added value to the stakeholders. More narrowly, the terms of corporate governance can be used to describe just the role and practices of the board of executives/the board of directors, the board of commissioners, managers, and shareholders. There are four essential elements of corporate governance elaborated by the Organization for Economic Co-operation and Development (OECD). The elements are: fairness, transparency, accountability, responsibility. (OECD as described in FCGI, 2006)

Higgs (2003) suggest that to operate effectively means to create a culture of openness and trust, combined with mutual respect (p. 19). Hardy (1984) suggest that in order to fulfill its monitoring function, the board must require periodic performance reports from the chief executive officer-summaries of performance on all objectives related to long range goals. Cadbury sees that board effectiveness can be judged by performance against appropriate benchmarks and accountability is measured by the decree to which Boards respond to the needs of those they are there to serve. The two go together to the extent that, the more accountable a company is the more its standards of performance are set objectively from outside the enterprise (As seen in Wallace & Zinkin, 2005, p. 34).

Gavino, et. al. (2001) sees that effective governance is usually characterized by the elements such as accountability as the basis for all relationships (p. 222). Dellaportas, et. al. (2005) also sees that governance and accountability are about relationships. The word governance refers to authority and control. Governance means the strategy, method and manner in which a group of people or so called the governance body directs, controls, and manages an organization. The governance body of a corporation normally rests with the board of directors and senior management, who possess the authority to govern or control. With authority comes responsibility. Accountability is the responsibility of those charged with governance to account for their choices, decisions and actions (p. 5).

Competing Governance Theories

Corporations today have become a powerful and dominant institution in a way they can reach to every corner of the globe. They have capabilities and influences that can influenced economies and various aspect of social landscape. The need of accountability is greater and corporate governance becomes an important factor in the relationship between management, shareholders and stakeholders (Ching et al, 2006). Henceforth, corporate governance means a different thing for different organization, as the following governance theories are explained.

Principal-Agent Theory

The agency theory is also known as principal-agent problem or theory. In the principal-agent theory, the relationships of principal and agent should reflect efficient organization of information and risk-bearing costs. The assumption lies here is that problem may occur since that owners' interests may differ from managers' interests (Eisenhardt, 1989). From the perspective of this theory, the role of the board member can be seen as supervisor that was chosen to represent owner's interests and be independent of management. Moreover, the function of the board can be seen as conformance, where the board is to safeguard owner's resources and interests and supervise management and staff. However, the emphasis on the issue of control may suppress innovation and risk taking, and might condense staff motivation. Alchian and Demsetz (1972) and Jensen and Meckling (1976) sees agency theory from economic view point in production and information cost and organization. Public sector and Crown corporations, co-operatives, hybrid and mixed governance models and entities can all benefit from the basic principles and lines of authority and accountability expressed in Agency Theory.

The growth of corporations and the accompanying separation of ownership and control have spawned a vast literature into the way in which corporations are governed (Denis, 2001). Adam Smith in his Wealth of Nations on 1776 remarked on the problems associated with self-interested managers pursuing their own utility rather than that of the shareholders of the company. These conflicts of interests between shareholders and managers have been investigated through the lens of principal-agent theory which was first formally articulated by Jensen and Meckling (1976). Principal-agent theory postulates that by delegating the management of companies to managers (agents), the owners (principals) have to create mechanisms to align the agents' interests with their own. This in turn gives rise to agency costs in the form of monitoring costs, bonding costs and potential residual losses (Jensen and Meckling, 1976, p. 308). Jensen and Meckling's seminal paper gave rise to a plethora of financial economics and accounting literature that has sought to describe and measure agency costs, and categorize and evaluate mechanisms of corporate governance, both internal and external (Charkham, 1994; Denis, 2001; Monks and Minow, 2001; Shleifer and Vishny, 1997).

Stakeholder Theory

An alternative perspective on corporate governance emerged in the wake of developments in stakeholder theory developed by Freeman (1984). Freeman and Evan (1990) contend that a conceptualization of firms in terms of bilateral contracts, as postulated by the principal-agent theory, is inadequate since it does not sufficiently account for the interconnectedness of bilateral contracts or indeed the influence of external agencies (stakeholders) on the management-shareholder contracts. Instead, Freeman and Evan (1990) argue for a multilateral contractarian conceptualization of the firm, a complex system of bargaining between agents and multiple stakeholders. Such a conceptualization, however, raises a number of problems. First Goodpaster (1991) points towards the danger of confusing fiduciary and non-fiduciary obligation to stakeholders (see also Marcoux, 2003). Following Milton Friedman, Goodpaster argues that managers have a special fiduciary duty to shareholders, and that stakeholder management should not be seen as an extension of fiduciary obligations to a wider stakeholder group (multi-fiduciary) but rather an extension of non-fiduciary obligations. Thus, corporate governance from a stakeholder perspective "… is not an expansion of the list of principals, but a gloss on the principal-agent relationship itself" (Goodpaster, 1991, p. 68). Dellaportas et. al. (2005) suggests that within the stakeholder perspective, the success of an organization depends on its ability to balance the conflicting demands of its various stakeholders. Stakeholder theory is a descriptive theory that attempts to gain stakeholder support and thus minimize the cost of dealing with complaints and actions that might otherwise affect them. Corporate stakeholders have traditionally been identified as those parties with a direct financial interest in an organization, such as stakeholders and other finance providers (p. 206). However, the concept of a stakeholder group has been broadened to include not only equity investors and creditors, but also employees, analysts, business contacts, the government and the public. Thus, companies may be accountable to any person or organization affected by their activities or otherwise having a right to information about them (Dellaportas, 2005, p. 207). Increasingly, stakeholder theory is seen as a credible alternative to principal-agent theory (Freeman, 1994; Hasnas, 1998).

Stewardship Theory

Stewardship theory origin is from psychology and sociology, Davis, Schoorman & Donaldson (1997) sees it as *a steward protects and maximizes shareholders wealth. The function of steward can be maximized through firm performance.* Looking from the perspective of this theory, stewards can be seen as company management working to protects and make profits for the shareholders. Conversely from agency theory, Donaldson and Davis (1991) argue that stewardship theory did not stress on the perspective of individualism but more on top management role of being a stewards. Steward is integrating their goals as part of the organization. According to Donaldson & Davis (1994), managers are principally motivated by achievement and responsibility. By giving needs of managers for responsible, self-directed work, organizations may be better served to free managers from subservience to non-executive director dominated boards.

Agyris (1973) sees agency theory looks at people as an economic being. Stewardship theory, on the other hand, recognizes the importance of structures that empower the steward built on trust (Donaldson and Davis, 1991). It stresses on the position of employees or executives to act more autonomously so that the shareholders' returns are maximized. Indeed, this can minimize the costs aimed at monitoring and controlling behaviours (Davis, Schoorman & Donaldson, 1997). In stewardship theory, the assumption lies is that owners and managers have similar interests. The role of the board is to be partner. Their role furthermore are to improve performance through add value to top decisions/strategy and partner management. However, supporting stewardship theory are the individuals who contribute their own money resources and other resources to non-profit organizations to become a director. Persson, Roland & Tabellini (1996) made provision in their equations to include the welfare contributed by controllers to stakeholders through introducing a division of powers.

Joseph's Governance

The Bible suggests that Joseph is a leader by counting his two dreams that suggest he will rule over the member of his family (Genesis 37:5-10). As the story continues it is clear that God was with Joseph in his life as stated, “God was with Joseph and he became a successful man” (Genesis 39:2). Corporate governance according to Organization for Economic Co-operation and Development (OECD) are fairness, transparency, accountability, responsibility (as described in FCGI, 2006). The focus of leadership is on responsibility and accountability, rather than on authority and power (see Heb.13:17) Although Potiphar (Gen.39:6), the jailer (Gen.39:23) and Pharoah (Gen.41:49) did not require an accounting, Joseph is showing his responsibility to them.

Joseph as a Youth

Joseph is the son of Jacob. The Bible (Genesis 37:5-10) suggests he is a leader since his two dreams that suggest he will rule over the members his family. Accordance with agency theory, Jacob and Joseph portrays the principal-agent relationship as Jacob favors Joseph over his other sons. As seen when he was seventeen-years old, Jacob make him a special garment with many colors which is a symbol of royalty (Speiser, 1964, pp. 289-90) or even lordship (Sarna, 1966, p. 212). Jacob attempts to designate Joseph as his successor (Genesis 37). As the story progress, Jacob clearly believes in Joseph' dreams that it would be his future destiny (Genesis 37:10-11). He designates Joseph to oversee his brothers when they were shepherding their flock in the field. However, the governance here are contrary to the approach of OECD's governance in responsibility, fairness, accountability, and the lack of transparency are clearly emerges within the brothers. Joseph eventually becomes victim to his brothers' jealousy where they decide to kill him but instead place him in a pit. Later on they sold him to a merchant, who then sell him as a slave to Potiphar, an Egyptian and official in Pharaoh's court.

Corporate governance can be seen in the life of Joseph since his day of youth in the house of Jacob. In the four areas of governance by OECD, Jacob entrust Joseph with responsibility. Jacob designates the work of overseeing his sons in the field to Joseph (Gen. 37:14). The second area is on transparency; in this area Joseph is seen to shown his openness to his family. Joseph reveals information of his two dreams. However, Jacob rebuke Joseph when he reveals the dreams (Gen. 37:10), nevertheless, Jacob seem to approve his transparency as he kept it in his heart (Gen. 37:11). The third area is on accountability; Joseph accountability is seen as he monitors his brothers and report it directly to his father. The fourth area of fairness is the element of governance that was tested. The principal-agent relationship shows close relationship that Jacob has as he favors Joseph over his other sons and makes him a special garment (Gen. 37:3). The special treatment arouse jealousy and hatred, this is a sign of unfair treatment from the brothers perspective (Gen. 37:4).

Joseph as Potiphar's Steward

Joseph's authority does not come from his own gifting, but is delegated from others. Joseph is given the responsibility, does not assume it himself. He performs the principal-agent relationship. Potiphar was the principal and Joseph was the agent. Joseph lived in Potiphar's house as household slave and becomes Potiphar's attendant. Potiphar designate authority to Joseph to be in charge of his household (Gen.39:2-6). Joseph required to serve, because he was Potiphar's slave – but went above and beyond the call of duty.

Corporate governance was implied in the life of Joseph as Potiphar's steward. In the four areas of governance by OECD, Joseph received responsibility by Potiphar and he performs his duty and responsibility through superior management skills. Joseph was promoted from servant slave to manager of Potiphar's estate. The responsibility designate was to overseeing the house of Potiphar's to him. The second area is on fairness, Potiphar favors Joseph as a manager of his estate. Joseph work exemplified his fairness towards the servant of the house. Potiphar was showed not to worry and concern about anything except his food (Gen. 39:6). Joseph fairness indicated that he give equal treatment as he fulfilling Potiphar's house stakeholder need. The third area is on accountability, as Joseph monitor the house and reporting to Potiphar. Potiphar left all he had in Joseph' hands and did not concern himself about anything (Genesis 39:6). Joseph integrity also shows his accountability and transparency. Transparency as the last area can be seen on the result of his work and the relationship Joseph has with the principal, Potiphar.

Joseph integrity is not without tested but he did not compromise, especially when in Potiphar's house he encountered his test on woman. Potiphar's wife tested his integrity (Gen. 39:7; 12) even though Joseph has proven himself that Potiphar did not concern himself with anything except the food that he ate. Joseph stands with his principle as he replies “How could I sin against God□’ (Gen.39:9). This answer shows his principal-agent relationship, between Potiphar and Joseph, and more so between God Almighty, and him, as agent of God in this world.

Joseph as Prisoner and Steward

When Joseph in prison, again Joseph's authority does not come from his own gifting, but is delegated from others. Joseph is given the responsibility by the prison warden; he does not assume it himself. He performs the principal-agent relationship. The prison warden is the principal and Joseph was the agent. The prison warden designates Joseph with responsibilities. He placed Joseph authority and to be in charge of prison (Gen.39:22-23). Joseph actually is not required to serve since he was a prisoner with no obligations to the jailer, but still he was willing to serve.

Joseph governance in the prison shows by him administering the very prison as managing warden (Alter, 1996, p. 229).

Corporate governance was implied in the life of Joseph in prison. In the four areas of governance by OECD, Joseph received responsibility by the prison jailer or warden and he performs his duty and responsibility through superior skills as he exemplified at the house of Potiphar. Joseph was promoted from prisoner to managing warden. The responsibility designate was to overseeing the prison to him (Gen. 39:22). The second area is on fairness, the prison warden favors Joseph as a managing warden and his work exemplified his fairness towards the prisoner. Joseph fairness indicated as he gave equal treatment in fulfilling the prisons' stakeholder need. Joseph interpreting the dreams of both Pharaoh courtier, the baker and cup bearer (Gen. 40). The third area is on accountability, as Joseph monitor the prison and reporting to the prison warden. The prison warden believes in Joseph and trust him that he did not scrutinize anything that was in his custody (Genesis 39:23). Joseph integrity is shown again in his prison life and this is also shows his accountability and transparency. Transparency as the last area can be seen on the result of his work and the relationship Joseph has with the principal, the warden.

Joseph integrity is not without test but he did not compromise, especially when in prison after he interpret two Pharaoh courtier and was forgotten by the cup bearer as his dream bring him back to Pharaoh court. Nonetheless, Joseph integrity keep him doing his duty and responsibility as managing warden and this shows his principal-agent relationship, between warden and Joseph, and more so between God Almighty, and him, as agent of God in this world.

Joseph as Egypt Ruler

Joseph interpretation of the Pharaoh's dream led him to Egypt highest ranking government official. The dream signifies Egypt seven years of harvest and followed by seven years of shattering famine. In the astounding turn of event it is to Pharaoh desire to have Joseph, a slave prisoner to become ruler of Egypt next to him. Joseph received full authority and he was able to implement his plan to escalate grain harvest and store it to reserves built for the purpose to prepare Egypt for the coming famine. His programmed plan advances as Egypt was able to fed the people during the famine, and further initiating agrarian reform and taxation, thus, increasing Pharaoh's influence and power. Furthermore, nation around Egypt and far came for the purpose of fulfilling their needs in this devastating time.

Joseph exemplified foresight and conceptualization in developing strategy to work on solution in facing the famine crisis. His skills and vision shows an uncanny ability of administrator he is. He even can influence the people to work together in facing the famine crisis. In ensuring the strategy implemented, he was able to motivate the people to succumb in the agrarian reform system. Instead of having a revolt because of harvest tax and the agrarian system, Joseph was able turn the table and has the people respond in a cry out manner to Joseph saying, “You have saved our lives! May we find favor in the eyes of my lord and we will be Pharaoh's servants” (Gen. 47:25).

Corporate governance is seen at the time of Joseph as the ruler of Egypt. In the four areas of governance by OECD, the first area of responsibility, Joseph received responsibility by Pharaoh and he performs his duty and responsibility through superior management skills as he exemplified at the house of Potiphar and prison. Joseph was promoted from slave prisoner to highest ranking government official. Pharaoh entrust Joseph with responsibility to implement his suggestion in facing the seven years of harvest and seven years of famine. Pharaoh designates the full authority for it. The second area is on fairness. Joseph exemplified fairness in his governance, as seen in Genesis 47:25 as the respond of the people resounding how Joseph saves their lives and further indicate that Pharaoh and all of Egypt turned to Joseph for guidance and direction during the famine crisis. The third area is on accountability, as Joseph overseeing the nation, Genesis 47 shows his integrity and accountability as the verse noted, “and Joseph brought the money to Pharaoh's house” (Gen. 47:14). Joseph integrity shows that his concerned with implementing strategy to relief the famine and not by greed or self-interest. Transparency as the last area of governance can be seen on the result of his work and the relationship Joseph has with the principal, the Pharaoh. Pharaoh knows Joseph past and even welcomes the foreigner to his land (Gen. 47:5-6). Joseph further in Genesis 47 introduces his father, brothers and families to Pharaoh. He did not shy away his past and even heals and repairs the relationship between him and his brothers and create unity within his family and also with the house of Pharaoh.

Conclusion

Joseph story showcase his governance in the land of Egypt. The principal-agent relationship he has with the Pharaoh, prison warden, Potiphar and Jacob, his father. In the new era of governance, where governance defines as the system by which organizations are directed and controlled, and calls on boards of directors to take responsibility for the governance of their firms, the agency problem is that agents often have ideas to use capital that lies outside the intent purpose of the principals. Governance presents to address this agency problem. Governors act as an intermediary, as the principals representative, ensuring capital is directed to the right purpose. The governors also act as the voice of the agents to the principals, articulating their ideas for uses of capital and making an accounting of the use of capital back to the principals.

Joseph has been an agent throughout his life. The life of Joseph shows how he exemplifies corporate governance principals of transparency, accountability, responsibility and fairness. With power in his hand he did not abuse it and use it for personal gain. The character of Joseph exemplifies a model of good corporate governance. He provide example that good corporate governance can be exercised as an agent to his principal in the lowliest place on earth, and more so an example of good corporate governance to his principal in heaven, God Almighty.

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